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STEEP ROCK IRON MINES LIMITED



ANNUAL MEETING

The Annual General Meeting of the Shareholders of Steep Rock Iron Mines Limited will be held at the Head Office of the Company at Steep Rock Lake, Ontario, on the 3rd day of April, 1970, at the hour of 10:00 o'clock in the forenoon, Eastern Standard Time.

STEEP ROCK IRON MINES LIMITED

BOARD OF DIRECTORS

GEO. E. ALLEN	<i>Washington, D.C.</i>
HON. W. M. BENIDICKSON, P.C.	<i>Ottawa, Ontario</i>
F. H. BLACK, O.B.E., F.C.A.	<i>Thunder Bay, Ontario</i>
JOHN D. DALE, Ph.D.	<i>New York, N.Y.</i>
NEIL EDMONSTONE, F.C.I.S.	<i>Barrie, Ontario</i>
JAKOB ISBRANDTSEN	<i>New York, N.Y.</i>
FRANK H. LOGAN	<i>Toronto, Ontario</i>
ROBERT L. KAISER	<i>Detroit, Michigan</i>
MARK McKEE	<i>Oxford, Connecticut</i>
JOHN PATERSON	<i>Thunder Bay, Ontario</i>
A. E. RISING, JR., D.Eng.	<i>New York, N.Y.</i>

OFFICERS

JOHN PATERSON	<i>Chairman of the Board</i>
NEIL EDMONSTONE, F.C.I.S.	<i>President</i>
F. RAYMOND JONES, P.Eng.	<i>Vice President & General Manager</i>
G. B. SULLIVAN, C.A.	<i>Secretary-Treasurer</i>
L. ZUCCHIATTI	<i>Controller</i>

AUDITORS

THORNE, GUNN, HELLIWELL & CHRISTENSON	<i>Toronto, Ontario</i>
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TRANSFER AGENTS

CROWN TRUST COMPANY	<i>Toronto, Ontario</i>
and	
CENTRAL NATIONAL BANK OF CLEVELAND	<i>Cleveland, Ohio</i>

GENERAL COUNSEL

SEED, GREER, LONG, CAMPBELL & HOWARD	<i>Toronto, Ontario</i>
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CONSULTING GEOLOGISTS

A. W. JOLLIFFE, Ph.D.	<i>Kingston, Ontario</i>
M. W. BARTLEY, Ph.D.	<i>Thunder Bay, Ontario</i>

MINE AND EXECUTIVE OFFICES

ATIKOKAN P.O., STEEP ROCK LAKE, ONTARIO



LETTER FROM THE PRESIDENT

TO THE SHAREHOLDERS:

Earnings for the year ended December 31, 1969 were \$3,997,500 before provision for deferred income tax and extraordinary items (compared with \$3,832,600 in 1968, or \$4,797,400 after restatement of 1968 earnings). The extraordinary items involved a write down of \$452,300 in value of marketable securities and a \$35,475,000 one-time net write-down of deferred development expenditures referred to later in this report. A change in reporting forward sales and deferred income taxes required a restatement of 1968 earnings and related balance sheet items.

Shipment of pellets at 1,403,900 tons exceeded the 1,350,000 ton planned capacity of the new pellet plant. In addition, 159,200 tons of red ore were shipped bringing the 1969 total shipments to 1,563,100 tons compared with 1,440,200 tons in 1968 (of which 1,065,800 were pellets and 374,400 tons were red ore).

Total cash generated was \$7,274,176 compared with \$7,868,503 (as restated) in 1968 and a 15-cent dividend was paid in June 1969.

Capital expenditures on the pellet plant and for normal replacements totalled \$1,628,700. Stripping and drilling expenditures chargeable to future operations were \$2,420,100. Rental agreements covering mobile mining equipment required to accelerate the stripping and mining operations involved a \$2,489,000 capital commitment over the lease period.

A long overdue increase in the market price of iron ore and pellets was announced by a leading merchant during the closing weeks of the year, and was confirmed by a second industry leader. The price increase now will be 5.5% on pellets and 25c per ton on red ore, and became effective January 1, 1970. It is expected to provide added gross revenue of \$1,000,000 in the current year for the company.

Employment costs have increased over 30% during the past five years, with supply costs experiencing a similar trend. A new three-year wage contract that became effective last May brought a further substantial increase in direct cost. Then, with the real possibility of a decrease in iron ore prices last fall rather than the recent increase, the interruption of royalty income as a result of the strike at the leased property and temporarily high capital spending, your Directors saw no other prudent course but to omit the second dividend in 1969 that was considered last September.

In line with the Board's decision to maintain a strong financial position, working capital stood at \$8,347,900 at the year end, compared with \$8,708,100 (as restated) at the beginning of the year.

Because actual mining experience in the Roberts open pit has not been as favourable as originally predicted, the geological ore reserve at Steep Rock has been under review, and the intensive drilling program in support thereof is expected to be completed late in 1970. Subject to confirmation, the calculated open pit assured and reasonably assured reserves based on drilling and operating experience in the South Roberts, North Roberts and Hogarth pits only, is now estimated to approach 20 million tons of ore. The comparable figure on the property under lease is estimated to be 16.5 million with additional tonnage there that we may recover in the future, ranging from 8 million to 12 million tons.

Although the combination of present costs, prices and state of mining technology have narrowed the range of profitability, in the opinion of independent consultants "all calculations point to a moderately profitable underground operation under existing economics . . ." and ". . . all the technical studies and geological evidence point to an eventual underground operation." Of the underground measured geological reserves the consultants estimate that there are 74 million tons of inferred ore in selected areas between the 900 and 1,700 foot level in the Errington, South Roberts and Hogarth Mines.

Present reserves of assured and reasonably assured open pit ore may make it difficult to produce sufficient pellets to meet long range commitments for delivery of pellets from the Steep Rock pits. The Company anticipates obtaining any additional reserves from mining areas adjoining the present open pits, from an underground mining operation or from Lake St. Joseph where previously estimated reserves are capable of sustaining production of 3 million to 5 million tons of pellets annually.

Even at current costs and prices the estimated cash flow is fully adequate to meet the Company's funded debt and long-term obligations.

In the interests of conservatism the Company decided to write down the deferred development account so that the current rate of amortization applied to the presently assured and reasonably assured portion of the open pit reserve will reduce this intangible asset to zero, thereby relieving any future underground production from such charges.

The net write down of \$35,475,000 is recorded as a current year charge in the 1969 "Statement of Earnings" in order to comply with the new 1969 rules of the Canadian Institute of Chartered Accountants. The Company believes that in order to avoid a misrepresentation or distortion of the year's reported earnings, the write down, more properly, should have been shown as a direct charge to "Retained Earnings." In any event, the write down has no effect on cash flow and it eliminates a deferred income tax liability of \$20,025,000.

LAKE ST. JOSEPH

Deliberate steps were taken during the past year to bring closer a possible decision to open the Company's large new open pit iron resource at Lake St. Joseph in joint venture with one or more steel producers. An undivided interest is being earned by Algoma Steel Corporation Limited at the new property as mining continues in the open pit at Steep Rock. Discussions are also underway with other interested parties. Pilot tests on bulk samples during the past year confirm that a "super-concentrate" with low silica appears to be readily attainable at the Lake St. Joseph site. The development program is moving ahead and should lead to conclusions in 1970 on organizing and managing the new operation.

BOARD AND MANAGEMENT CHANGES

Dr. John D. Dale, a member of the Board was appointed Chairman of the Executive Committee to fill the vacancy caused by the resignation of Mr. Jakob Isbrandtsen from that position. Mr. Isbrandtsen continues as a member of the Committee. Mr. Frank (Ray) Jones was elected Vice-President and General Manager. Mr. G. B. Sullivan, formerly Controller has been appointed Secretary-Treasurer to fill the vacancy created by the retirement of Mr. C. J. Fitzgerald and Mr. Louis Zucchiatti has been appointed Controller. In early 1969 Mr. Larry Lamb was appointed Mining Manager and Mr. A. K. Bayles assumed management of the pelletizing operation.

Gordon Douglas Watson, Q.C., Vice-President and General Counsel, who had rendered dedicated service of the highest order for the past twenty-five years, died on October 19, 1969.

OUTLOOK

Extensive and concerted efforts are underway to obtain greater operating efficiency to off-set the economic consequences of the present cost-price squeeze.

Pellet shipments for 1970 are budgeted at the 1,400,000 ton level and, with royalty income paid on 3,000,000 tons (the contract rate for 1970 and 1971), net earnings should show an improvement over 1969.

BY ORDER OF THE BOARD

NEIL EDMONSTONE
PRESIDENT

FEBRUARY 9, 1970.



BALANCE SHEET AS AT DECEMBER 31, 1969

(WITH COMPARATIVE FIGURES AT DECEMBER 31, 1968)

	<u>1969</u>	<u>1968</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,346,738	\$ 157,637
Short term investments at cost which approximates market value	5,653,125	7,127,671
Marketable securities at cost less \$452,300 allowance for decline in value (quoted market value 1969 — \$1,180,000; 1968 — \$2,655,000)	1,180,438	1,632,738
Accounts receivable	1,967,451	1,110,283
Claims pending and recoverable items		46,140
Inventories (Note 1)	941,943	350,190
Supplies at average cost	1,063,109	916,985
Prepaid expenses	210,516	43,317
	<u>12,363,320</u>	<u>11,384,961</u>
FIXED ASSETS		
Buildings, machinery and equipment at less than cost	56,366,557	55,689,600
Less accumulated depreciation	25,148,766	23,830,761
	31,217,791	31,858,839
Mining properties (Notes 2, 3 and 17)	4,386,393	4,386,393
	<u>35,604,184</u>	<u>36,245,232</u>
OTHER ASSETS		
Investment in town housing (Note 4)	1,173,324	1,133,837
Investment in subsidiary companies (Note 4)	128,353	83,820
Shares in and advances to other companies at less than cost		
Shares (unlisted)	331,498	331,498
Advances	274,286	269,786
	<u>1,907,461</u>	<u>1,818,941</u>
DEFERRED CHARGES		
Deferred operating expenditures	228,065	105,250
Research expenditures (net) on ore processing (Note 5)	295,536	506,216
Deferred development expenditures less amounts written off (Note 6)	19,768,071	74,057,017
	<u>20,291,672</u>	<u>74,668,483</u>
	<u>\$ 70,166,637</u>	<u>\$124,117,617</u>

INCORPORATED UNDER THE LAWS OF ONTARIO



	<u>1969</u>	<u>1968</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 2,843,694	\$ 1,557,980
Accrued interest on funded debt	155,469	160,870
Principal payment on funded debt due within one year	1,016,249	958,021
	<u>4,015,412</u>	<u>2,676,871</u>
 FUNDED DEBT (Notes 7 and 13)	 <u>30,153,341</u>	 <u>31,304,478</u>
 ROYALTY LOAN (Notes 8 and 13)	 <u>2,637,348</u>	 <u>3,611,398</u>
 DEFERRED INCOME TAXES (Note 9)		<u>18,409,000</u>
 SHAREHOLDERS' EQUITY (Note 10)		
Preference shares of \$100 each		
Authorized — 10,000 shares		
Common shares of \$1 each		
Authorized — 10,666,666 shares		
Issued — 8,063,652 shares	8,063,652	8,063,652
Contributed surplus	3,674,675	3,674,675
Retained earnings	21,622,209	56,377,543
	<u>33,360,536</u>	<u>68,115,870</u>
 Approved by the Board	 <u>\$ 70,166,637</u>	 <u>\$124,117,617</u>
N. EDMONSTONE, Director		
JOHN PATERSON, Director		

STATEMENT OF EARNINGS

YEAR ENDED DECEMBER 31, 1969
(WITH COMPARATIVE FIGURES FOR 1968)

	1969	1968
INCOME		
Sales and other operating revenue (Note 11)	\$ 17,624,061	\$ 15,099,907
Royalty and investment income	4,396,790	4,712,324
	<u>22,020,851</u>	<u>19,812,231</u>
COST AND EXPENSES		
Operating costs, other than below (Note 11)	11,666,289	8,842,301
Administrative and corporate expenses	826,144	745,014
Interest on bonds and royalty loan	2,066,161	2,167,710
Exchange loss on bonds and royalty loan payments	93,397	97,324
Depreciation (Note 12)	1,979,689	2,009,226
Deferred development expenditures written off (Note 12)	<u>1,086,293</u>	854,119
Research expenditures written off (Note 5)	252,921	252,539
Outside exploration expenditures and write-offs	<u>52,443</u>	<u>46,586</u>
	<u>18,023,337</u>	<u>15,014,819</u>
EARNINGS before income taxes and extraordinary items	3,997,514	4,797,412
Deferred income taxes (Note 9)	1,616,000	1,855,000
NET EARNINGS before extraordinary items	<u>2,381,514</u>	<u>2,942,412</u>

EXTRAORDINARY ITEMS

Provision for decline in value of marketable securities	452,300	
Deferred development expenditures written down (after deducting deferred income taxes applicable thereto of \$20,025,000) (Notes 6 and 9)	<u>35,475,000</u>	
	<u>35,927,300</u>	
NET EARNINGS (loss) for the year	<u>\$ (33,545,786)</u>	<u>\$ 2,942,412</u>

STATEMENT OF RETAINED EARNINGS

YEAR ENDED DECEMBER 31, 1969
(WITH COMPARATIVE FIGURES FOR 1968)



U.S. 7.7

	<u>1969</u>	<u>1968</u>
Balance at beginning of year		
As previously reported	\$ 76,355,601	\$ 75,392,940
Deferred income taxes (Note 9)	18,409,000	16,554,000
Adjustment for ore sales (Note 11)	1,569,058	2,533,838
	<u>19,978,058</u>	<u>19,087,838</u>
As restated	56,377,543	56,305,102
Net earnings (loss) for the year	<u>(33,545,786)</u>	<u>2,942,412</u>
	<u>22,831,757</u>	<u>59,247,514</u>
Deduct		
Dividend — 15c per share (1968, 30c per share)	1,209,548	2,419,096
South Concentrator building written off		450,875
	<u>1,209,548</u>	<u>2,869,971</u>
Balance at end of year	<u>\$ 21,622,209</u>	<u>\$ 56,377,543</u>

STATEMENT OF DEFERRED DEVELOPMENT EXPENDITURES

YEAR ENDED DECEMBER 31, 1969
(WITH COMPARATIVE FIGURES FOR 1968)

	<u>1969</u>	<u>1968</u>
Balance deferred at beginning of year	\$ 74,057,017	\$ 74,004,724
Overburden removal	5,092,982	3,045,312
Structural drilling from underground	611,846	342,547
Total expenditures for the year	<u>5,704,828</u>	<u>3,387,859</u>
	79,761,845	77,392,583
Deduct amounts written off to operations (Note 12)		
Operating costs	3,407,481	2,481,447
Deferred development written off	<u>1,086,293</u>	<u>854,119</u>
	4,493,774	3,335,566
	75,268,071	74,057,017
Deduct deferred development expenditures written down as an extraordinary item (Note 6)	<u>55,500,000</u>	
Development expenditures prior to mines going into production and \$7,769,359 (\$5,999,289 in 1968) subsequent overburden removal costs deferred at end of year	<u>\$ 19,768,071</u>	<u>\$ 74,057,017</u>



STATEMENT OF SOURCE AND APPLICATION OF FUNDS

YEAR ENDED DECEMBER 31, 1969
(WITH COMPARATIVE FIGURES FOR 1968)

	1969	1968
SOURCE OF FUNDS		
Net earnings for the year before extraordinary items	\$ 2,381,514	\$ 2,942,412
Items not involving current funds		
Depreciation and amortization	3,276,662	3,071,091
Deferred income taxes (Note 9)	1,616,000	1,855,000
	7,274,176	7,868,503
Sale of fixed assets	290,105	462,232
Other items, net		58,578
	<u>7,564,281</u>	<u>8,389,313</u>
APPLICATION OF FUNDS		
Expenditures deferred in current year	2,420,162	910,293
Additions to fixed assets	1,628,746	1,874,104
Payment on royalty loan	974,050	1,157,039
Dividend	1,209,548	2,419,096
Additional redemption of bonds based on excess production (Note 7)	132,327	179,663
Principal payment of funded debt due within one year transferred to current liabilities	1,018,810	960,715
Provision for decline in value of marketable securities	452,300	
Other applications	88,520	
	<u>7,924,463</u>	<u>7,500,910</u>
Increase (decrease) in working capital	(360,182)	888,403
Working capital at beginning of year		
As previously reported	10,277,148	10,353,525
Adjustment for ore sales (Note 11)	1,569,058	2,533,838
As restated	8,708,090	7,819,687
WORKING CAPITAL at end of year	<u>\$ 8,347,908</u>	<u>\$ 8,708,090</u>

NOTES TO FINANCIAL STATEMENTS

1. INVENTORIES

Coincident with the commencement of pellet plant production in 1967 which provides a continuous operation, iron ore produced in excess of pellet plant requirements or for subsequent shipment and pellets produced but not yet shipped, have been valued at the lower of cost and net realizable value.

2. MINING PROPERTIES

Mining properties are carried at \$4,386,393, comprising a purchase cost of \$2,459,456 and a valuation adjustment made in 1943 of \$1,926,937.

3. JOINT VENTURE

The company signed a joint venture agreement in 1965 covering a minimum period of 22 years, under which the joint venture partner acquired title to a specific tonnage of the company's open pit ore reserves. The ore is being mined and pelletized by Steep Rock Iron Mines Limited. Pelletizing operations commenced in September, 1967.

4. SUBSIDIARY COMPANIES NOT CONSOLIDATED

Investment in subsidiary companies, \$128,353, represents the company's investment in Steerola Explorations Limited and Sanjo Iron Mines Limited and comprises shares at cost, \$8, and advances \$128,345.

An investment in another subsidiary company, Don Park Homesites Limited (a limited dividend housing corporation) is included in the balance sheet heading "Investment in town housing" and is comprised of shares and debentures at cost, \$105,953, and advances \$560,552.

The accounts of these subsidiaries have not been consolidated because their operations are not of significant importance to the company's operations. The subsidiary companies have no retained earnings and no profit or loss in their 1969 fiscal years. The unpaid interest on Don Park Homesites Limited debentures (all of which are held by the parent company) and on advances from the parent company, have not been taken into the earnings of the company.

5. DEFERRED RESEARCH EXPENDITURES

These represent experimental capital and operating expenditures on ore processing methods for special products after deducting the proceeds of trial shipments of the product and Scientific Research Grants. These deferred expenditures are being written off over five years.

6. DEFERRED DEVELOPMENT EXPENDITURES

The geological reserve of iron ore of the company has been reviewed and the intensive drilling program in support thereof is expected to be completed late in 1970. This will give a measure of the tonnage of open pit ore still to be won. Subject to confirmation, the calculated open pit assured and reasonably assured reserves based on drilling and operating experience are estimated to approach 20 million tons of ore in the South Roberts, North Roberts and Hogarth open pits only.

Although the combination of present costs, prices and state of mining technology have narrowed the range of profitability, in the opinion of independent consultants "all calculations point to a moderately profitable underground operation under existing economics" and "all the technical studies and geological evidence point to an eventual underground operation". Of the underground measured geological reserves the consultants estimate that there are 74 million tons of inferred ore in selected areas between the 900 and 1,700 foot level in the Errington, South Roberts and Hogarth Mines.

Nevertheless to comply with the auditors' opinion, deferred development expenditures have been written down by \$55,500,000 less deferred income taxes applicable thereto of \$20,025,000 for a net charge of \$35,475,000 as an extraordinary item in the 1969 statement of earnings, so that the current rate of amortization applied to the presently assured and reasonably assured portion of the open pit reserves will reduce this intangible asset to zero.

7. FUNDED DEBT

First mortgage sinking fund 6% bonds maturing December 1, 1987 (\$28,975,000 U.S.)	\$31,172,151
(blended payments of principal and interest are approximately \$2,700,000 U.S. annually)	
Less principal payment due within one year included in current liabilities (\$947,000 U.S.)	1,018,810
	<u>\$30,153,341</u>

In years when the company has an excess of production as defined by the indenture, additional principal amounts of bonds shall be redeemed.

8. ROYALTY LOAN

The principal and interest at 3¾% are payable only by application of a portion of the royalties received from the lessee of "C" ore zone. The principal outstanding at December 31, 1969 is \$2,637,348 (\$2,678,117 U.S.).

9. INCOME TAXES

Under the provisions of the Income Tax Acts, the company claims for income tax purposes depreciation in excess of the amounts charged to earnings and so no income taxes are currently payable. Similarly, development expenditures have been claimed for income tax purposes in prior years in excess of the amounts charged to earnings.

In 1969, the company adopted the practice of recording deferred income taxes in the financial statements rather than by way of footnote as in previous years. The 1968 figures have been restated for comparative purposes. For years prior to 1968 deferred income taxes have been recorded by a charge to retained earnings at January 1, 1968 of \$16,554,000.

The write down of deferred development expenditures in 1969 (Note 6) results in the elimination of deferred income taxes. At December 31, 1969 amounts still available to be claimed for income tax purposes exceed the net book value of assets reflected in the balance sheet by approximately \$8,000,000, the tax effect of which has not been recorded.

10. CAPITAL STOCK

The indenture securing the first mortgage sinking fund 6% bonds provides that the company may not effect any reduction of or redeem any of its capital stock nor declare any dividends on any shares of its capital stock should the working capital be less than, or be reduced thereby below, \$5,000,000.

11. ACCOUNTING FOR ORE SALES

Prior to 1969, the company accounted for certain ore sales in the year in which the contract was made. In 1969, the company adopted the practice of accounting for such sales in the year in which deliveries of such ore are made.

As a result, 1969 earnings have been increased by \$230,806 (1968, \$451,780) after deducting deferred income taxes relating thereto in 1969 of \$222,000 (1968, \$513,000). In addition retained earnings at

the beginning of each year have been restated to reflect the adjustment for ore sales arising in prior years.

12. DEPRECIATION AND AMORTIZATION

Depreciation is calculated in respect of some assets on a straight-line basis at annual rates ranging from 5% to 33 $\frac{1}{3}$ %, and in respect of some other assets on a unit-of-production basis. Depreciation on the pellet plant and ancillary equipment is calculated on the sinking fund basis over 20 years, whereby the cost of the pellet plant and the interest on the sinking fund bonds are amortized in approximately equal amounts over the life of a long term contract for the production of pellets. These rates are designed to provide fully for the cost of the buildings, machinery and equipment over their useful lives.

Deferred overburden removal (stripping) expenditures are charged to operating costs in the statement of earnings on the basis of tons of ore mined. Deferred development expenditures are amortized on the basis of tons of direct ore shipped and pellets produced in relation to the estimated ore reserves of presently developed mines.

13. BASIS OF CONVERSION OF ACCOUNTS CARRIED IN UNITED STATES DOLLARS

Funded debt (non-current portion) and royalty loan have been converted at the rates of exchange prevailing on the dates the proceeds were received; investments in U.S. securities were converted at the rates of exchange prevailing at the date of purchase. Other accounts, including current portion of the funded debt, have been converted at the rates of exchange prevailing at the year end.

14. PENSION BENEFITS

Past service liabilities assumed by the company under its retirement plans amounted to approximately \$990,000 at December 31, 1969. The company proposes that these liabilities will be paid and charged against earnings over periods ranging up to twenty years.

15. CONTINGENT LIABILITIES

The contingent liability with respect to mortgage guarantees on employees' housing and to outstanding agreement amounts to approximately \$423,300 at December 31, 1969.

A claim has been made against the company in the amount of \$363,000 with respect to construction of the pelletizing facility. The company believes the claim is without merit and has denied any liability in this matter.

16. OTHER STATUTORY INFORMATION

The direct remuneration of directors and senior officers as defined by the Corporations Act of Ontario amounted to \$176,344 for 1969 (\$151,600 for 1968).

The company is committed to annual equipment lease payments of \$370,794 on leases expiring in 1979.

17. UNITED STATES SECURITIES AND EXCHANGE COMMISSION FILING

Statements filed with the above Commission are required to contain a provision for the depletion of mining properties. In accordance with the company's accounting practice no provision for depletion is entered in the company's accounts.

The amount so charged in the statements to be filed with the United States Securities and Exchange Commission in respect of 1969 is \$226,324 (total to date \$1,792,349).

AUDITORS' REPORT

To the Shareholders of
Steep Rock Iron Mines Limited

We have examined the balance sheet of Steep Rock Iron Mines Limited as at December 31, 1969 and the statements of earnings, retained earnings, deferred development expenditures and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1969 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, after giving effect in that year to the changes in accounting practice, as set out in notes 9 and 11 to the financial statements, with which we concur.

THORNE, GUNN, HELLIWELL
& CHRISTENSON

CHARTERED ACCOUNTANTS

TORONTO, CANADA
JANUARY 30, 1970

10 YEARS IN REVIEW

	1969	1968*	1967	1966	1965	1964	1963	1962	1961	1960
Income	(Thousands of Dollars)									
▶ Sales and operating revenue — net	17,624	15,100	10,202	10,283	10,325	10,519	8,520	7,733	9,684	12,004
Royalty and other income	4,397	4,712	4,202	4,053	4,491	3,883	3,798	3,995	2,144	2,002
	22,021	19,812	14,404	14,336	14,816	14,402	12,318	11,728	11,828	14,006
Operating expense	12,493	9,587	6,080	6,981	8,390	6,711	5,532	6,069	5,870	7,200
	9,528	10,225	8,324	7,355	6,426	7,691	6,786	5,659	5,958	6,806
Interest, etc.	2,066	2,168	926	448	511	662	784	600	124	315
▶ Profit before write-offs	7,462	8,057	7,398	6,907	5,915	7,029	6,002	5,059	5,834	6,491
Write-offs	3,319	3,116	2,985	2,343	2,030	1,918	1,437	1,205	1,395	1,720
	4,143	4,941	4,413	4,564	3,885	5,111	4,565	3,854	4,439	4,771
Outside exploration	52	47	187	219	173	128	197	195	361	535
Other expenses	93	97	88	241	85	184	168	225	48	119
Provincial taxes										(41)
▶ Earnings before income taxes and extraordinary items	3,998	4,797	4,138	4,104	3,627	4,799	4,200	3,434	4,030	4,158
Deferred income taxes	1,616	1,855	**							
	2,382	2,942	4,138	4,104	3,627	4,799	4,200	3,434	4,030	4,158
▶ Extraordinary items:										
Provision for decline in value of marketable securities	452									
Deferred development expenditures written down, net	35,475									
	35,927									
▶ Net Earnings or (loss)	(33,545)	2,942	4,138	4,104	3,627	4,799	4,200	3,434	4,030	4,158
▶ Earnings per share before income taxes and extraordinary items	0.50	0.59	0.51	0.51	0.45	0.60	0.52	0.43	0.50	0.52
▶ Dividends per share	0.15	0.30	0.30	0.30	0.30	0.25	0.20	0.20		
▶ Iron Ore — Tons (000)										
Sales and shipments	1,563	1,440	1,165	1,236	1,264	1,241	1,033	963	1,214	1,586
Royalty ore	2,225	2,500	2,326	2,083	2,446	2,001	2,003	2,003	1,009	765
Total tons	3,788	3,940	3,491	3,319	3,710	3,242	3,036	2,966	2,223	2,351

▶ Highlights

*1968 results have been restated.

**Deferred income taxes not applied prior to 1968.





Town of Atikokan

